

Rs 0.2 million credit card bills: Banks required to provide payment details to FBR

The banks would be required to provide the Federal Board of Revenue (FBR) with a list of payments made by any person against credit card bills aggregating Rs 200,000 or more during the preceding calendar month. The FBR has issued circular 6 of 2018 here on Wednesday to explain the Finance Supplementary (Amendment) Act, 2018.

According to the FBR, the section 165A of the Income Tax Ordinance, 2001 inserted through the Finance Act, 2013 requires banking companies to provide information to the Federal Board of Revenue notwithstanding anything contained in any law for the time being in force. By virtue of amendments introduced in section 165A of the Ordinance through the Finance Act, 2018, banks are obliged to make arrangements for providing the following information to the Board in the prescribed form and manner:-

Firstly, list of persons containing particulars of cash withdrawals exceeding Rs 50,000 in a day and tax deduction thereon for filers and non-filers, aggregating to Rs 1 million or more during each preceding calendar month.

Secondly, a list containing particulars of deposits aggregating Rs 10 million or more made during the preceding calendar month.

Thirdly, a list of payments made by any person against credit card bills aggregating Rs 200,000 or more during the preceding calendar month.

In addition to the aforementioned information(s), banks, pursuant to the passage of the Finance Supplementary (Amendment) Act, 2018 shall now also be obliged to furnish the following additional information: a list of persons receiving profit on debt exceeding Rs 1 million for filers and Rs 500,000 for non-filers along with information regarding tax deduction thereon during the preceding financial year.

Every banking company, in terms of section 236P of the Income Tax Ordinance, 2001 is obliged to collect advance adjustable tax from non-filers @ 0.4% upon sale of instruments such as demand draft, pay order, special deposit receipt, cash deposit receipt, short term deposit receipt, call deposit receipt, rupee traveler""s cheques, etc, in excess of Rs 50,000 per day. Similarly, such tax is also to be collected from non-filers upon transfer of funds through cheque/clearing, inter/intra-bank transfers through cheques, online/telegraphic/mail transfers, direct debits, payments through internet, mobile phones and transfer of funds through various other modes as delineated under section 236P of the Ordinance in case such transfers exceed Rs 50,000 per day (in aggregate) from all bank accounts.

The FBR is consistently espousing the policy of increasing the cost of doing business for non-filers who are non-compliant taxpayers. Therefore, through the Finance Supplementary (Amendment) Act, 2018 the tax rate under section 236P of the Ordinance has been increased from 0.4% to 0.6%. It is envisaged that this measure shall encourage non-complaint taxpayers to join the tax net and supplement efforts targeted towards broadening of the tax base.

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